HARRISVILLE CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2026

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BOWERS

BOWERS & COMPANY CPAS, PLLC

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF EDUCATION
HARRISVILLE CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Harrisville Central School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Harrisville Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Harrisville Central School District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Harrisville Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisville Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Harrisville Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisville Central School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-18), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 84), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and related notes to the schedule (pages 86-88), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 89), and Schedule of District's Contributions – NYSLRS Pension Plan (page 90) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrisville Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 91-95) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 91-95) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of the Harrisville Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Harrisville Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harrisville Central School District's internal control over financial reporting and compliance.

Bowers & Company CPAs, PLLC

Watertown, New York
October 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2026

INTRODUCTION

The following is a discussion and analysis of the Harrisville Central School District's (the District) financial performance for the fiscal year ended June 30, 2026. It is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year.

The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF FINANCIAL STATEMENTS

The District's annual report consists of three parts: management's discussion & analysis, the basic financial statements, and required supplementary information.

Management's Discussion and Analysis

This section presents Management's Discussion and Analysis (MD&A). It precedes the financial statements, and its purpose is to put current financial performance in perspective relative to past performance and future expectations.

Basic Financial Statements

The basic financial statements include two kinds of statements that present different views of the District, district-wide and fund financial statements.

Required Supplementary Information

The basic financial statements and notes are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Table A-1	Major Features of the District-Wide and Fund Financial Statement		
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District acts as a trustee or an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Deferred Outflows of Resources / Liability / Deferred Inflow of Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflow of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The first two financial statements that follow are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The two district-wide statements report the District's net position and how it has changed. Net Position - the difference between the District's assets, deferred outflows, liabilities and deferred inflows - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The District has two kinds of funds:

Governmental Funds - include most of the District's basic services. They generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

- The governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- Because this information does not encompass the additional long-term focus of the district-wide statements, additional information detailed in Note 2 of the financial statements explains the relationship (or differences) between them.

Fiduciary Funds - the District is the trustee, or fiduciary, for assets that belong to others, such as the custodial fund.

- The fiduciary funds statements provide information about financial relationships in which the District acts as trustee, or fiduciary, for assets that belong to others, such as property taxes collected on behalf of other governments.

- The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

- The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL SUMMARY

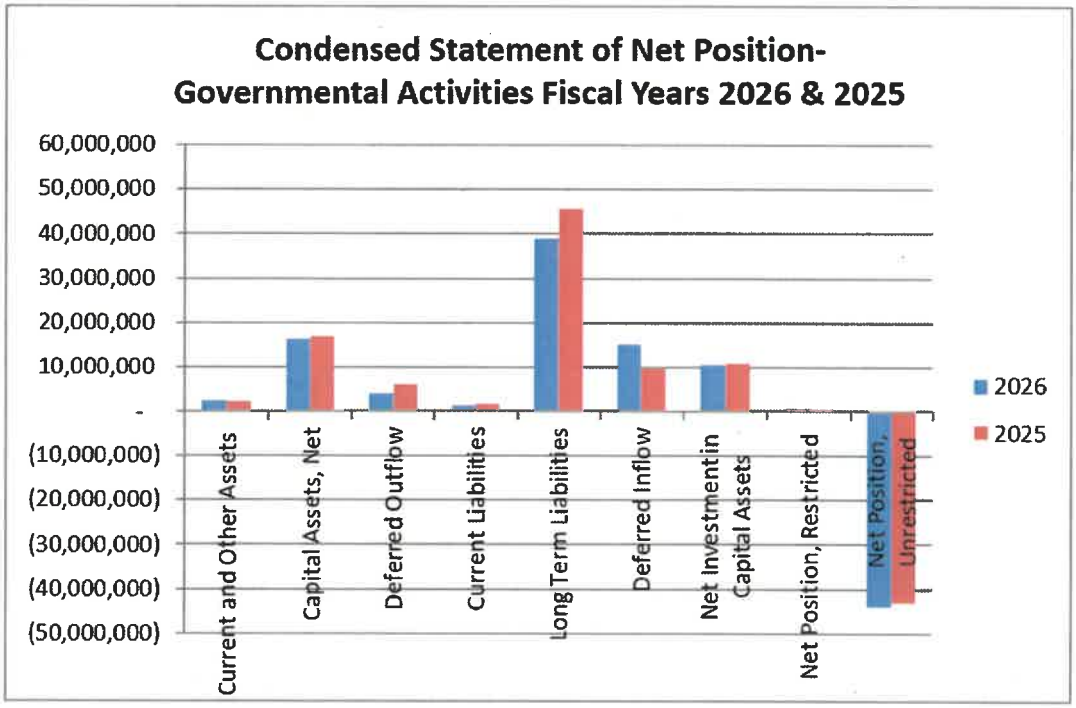
Condensed Statement of Net Position – Governmental Activities

	2026	2025	Percent Change
Assets			
Current and Other Assets	$ 2,502,466	$ 2,177,457	14.9%
Capital Assets, Net	16,342,384	16,900,982	-3.3%
Total Assets	$ 18,844,850	$ 19,078,439	-1.2%
Deferred Outflows of Resources			
Other Postemployment Benefits	$ 2,547,916	$ 4,492,003	-43.3%
Pensions	1,469,340	1,597,772	-8.0%
Total Deferred Outflows of Resources	$ 4,017,256	$ 6,089,775	-34.0%
Liabilities			
Current Liabilities	$ 1,407,525	$ 1,744,228	-19.3%
Long-Term Liabilities	39,123,155	45,619,332	-14.2%
Total Liabilities	$ 40,530,680	$ 47,363,560	-14.4%
Deferred Inflows of Resources			
Other Postemployment Benefits	$ 14,074,896	$ 8,968,823	56.9%
Pensions	1,163,369	636,293	82.8%
Total Deferred Inflows of Resources	$ 15,238,265	$ 9,605,116	58.6%
Net Position			
Net Investment in Capital Assets	$ 10,649,192	$ 10,666,809	-0.2%
Restricted	540,665	663,527	-18.5%
Unrestricted (Deficit)	(44,096,696)	(43,130,798)	2.2%
Total Net Position	$ (32,906,839)	$ (31,800,462)	3.5%

Total District net position deficit increased $1,106,377 in 2025-2026, due mainly to the changes in long-term liabilities for GASB 68 Pensions and GASB 75 OPEB. The Districts GASB 75 Actuarial Valuation for 6.30.2026 had updated analysis, source data, and TRS & ERS and Health Insurance rates when the reevaluation was done. Other changes included a restricted net position decrease $122,862 or 18.5% , during fiscal year ending 2026 due to the use of the Reserve Funds, Current and Other Assets increased due to lowering operational expenses and working on cash flow.

FINANCIAL SUMMARY - Continued

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by at the close of the most recent fiscal year. This represents a deficit increase in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2026, the OPEB liability was $30,126,626. See Note 11 for additional OPEB information.

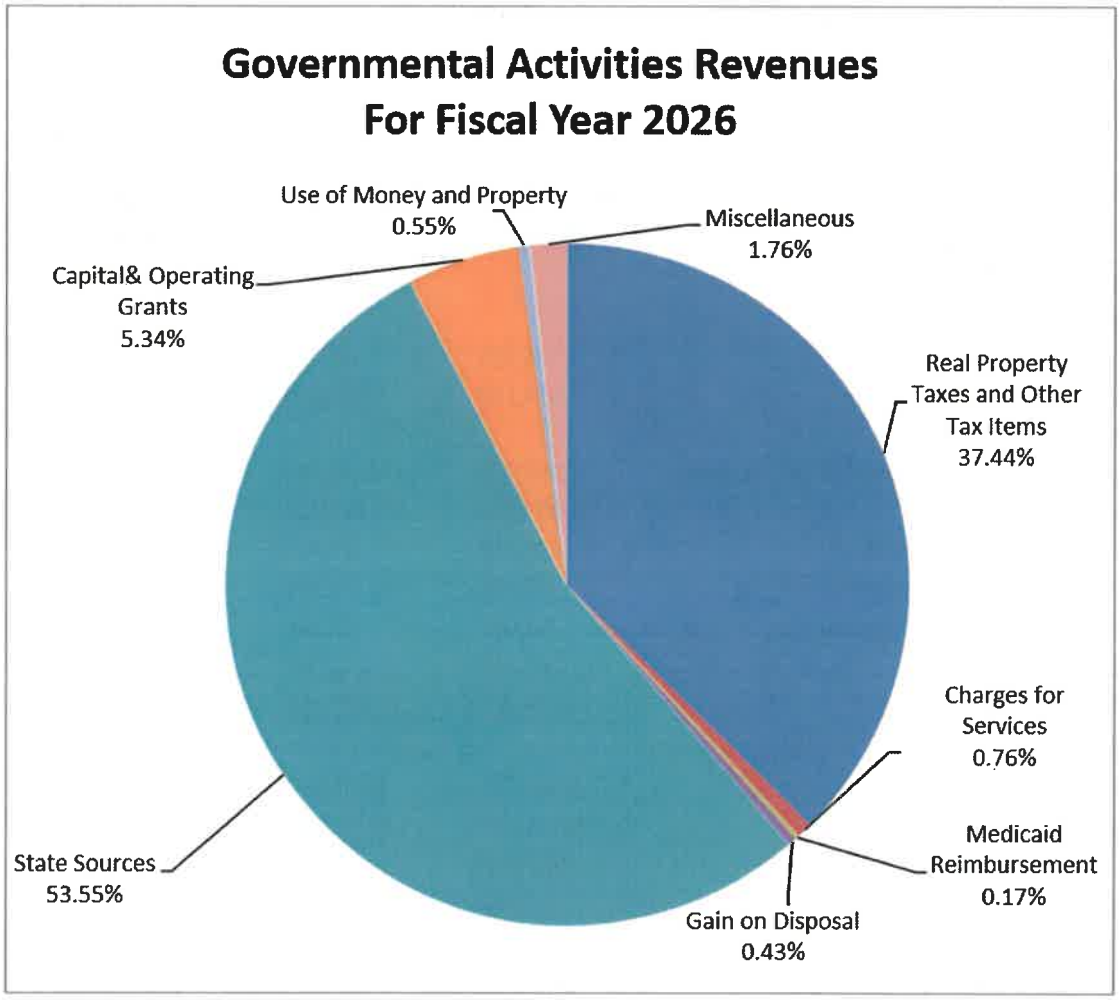


FINANCIAL SUMMARY - Continued

Condensed Statement of Activities and Changes in Net Position – District Wide

	Fiscal Year 2026	Fiscal Year 2025	Percent Change
Revenues			
Program Revenues			
Charges for Services	$ 94,355	$ 64,452	46.4%
Capital & Operating Grants	659,160	667,676	-1.3%
General Revenues			
Real Property Taxes and Other Tax Items	4,619,708	4,445,632	3.9%
State Aid	6,607,882	6,481,940	1.9%
Medicaid Reimbursement	21,518	19,519	10.2%
Use of Money and Property	67,401	92,906	-27.5%
Gain on Disposal of Property	53,000	82,000	-35.4%
Miscellaneous	216,349	215,241	0.5%
Total Revenues	12,339,373	12,069,366	2.2%
Expenses			
General Support	2,310,230	2,513,983	-8.1%
Instruction	6,331,507	8,795,034	-28.0%
Pupil Transportation	922,940	1,237,044	-25.4%
Community Service	1,098	1,500	-26.8%
Debt Service - Interest	191,659	225,479	-15.0%
Judgment and Claims	3,500,000	-	100.0%
School Food Service Program	188,316	356,670	-47.2%
Total Expenses	13,445,750	13,129,710	2.4%
Change in Net Position (Deficit)	$ (1,106,377)	$ (1,060,344)	4.3%

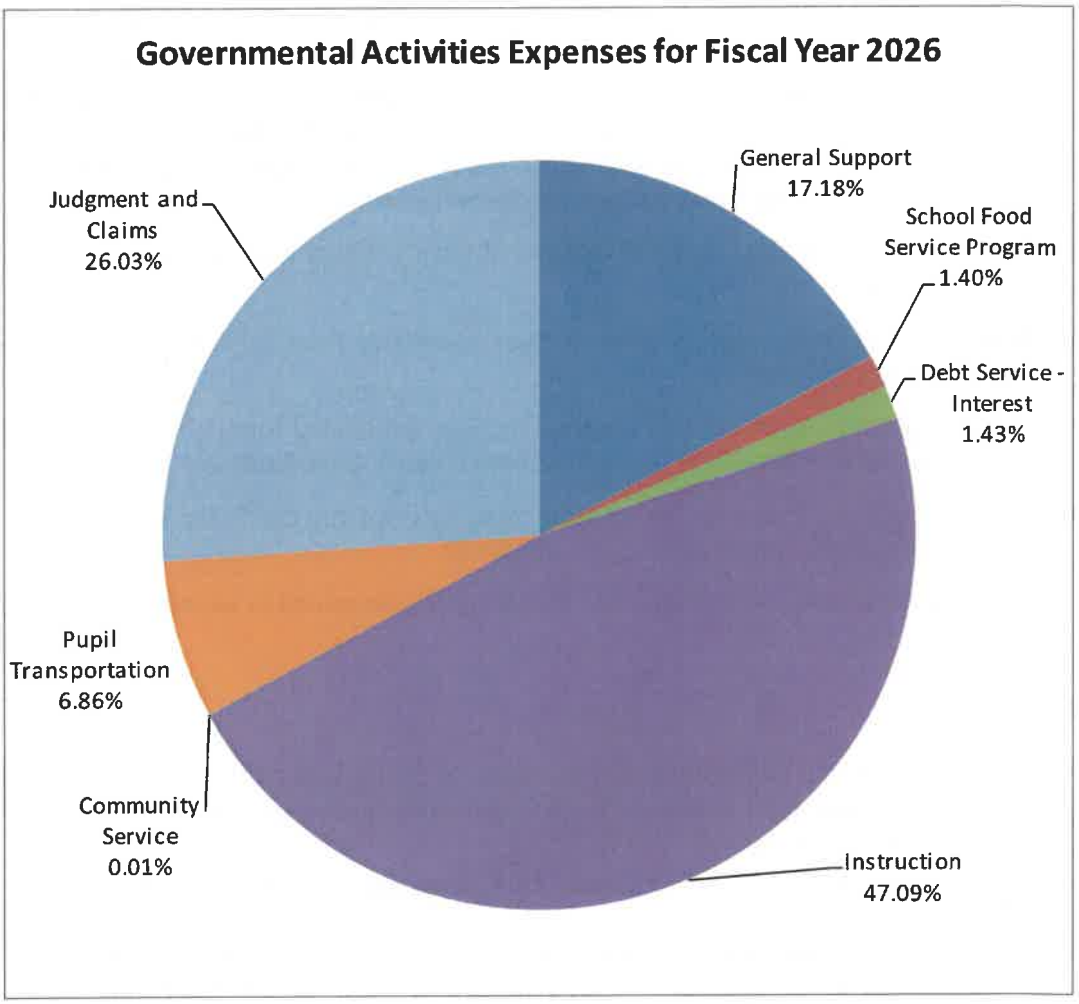
FINANCIAL SUMMARY - Continued



The District's total revenues were $12,339,373. A majority of the revenue comes from state aid for general programs of 53.55%, or $6,607,882. Property taxes, including STAR and interest and penalties, accounted for another 37.44%, or $4,619,708 of total revenues.

FINANCIAL SUMMARY - Continued

The total cost of all programs and services was $13,445,750. $6,331,507 or 47.9% of the District's expenses are predominantly related to instruction. Judgment and Claims is $26.03% due to an open lawsuit. See Note 13 for additional information.



FINANCIAL SUMMARY - Continued

Following is a discussion of significant percentage changes in revenues and expenditures for the 2025-2026 fiscal year.

Revenues:

- Charges for Services- This revenue category accounted for a 46.4% due mainly to enrolling into a BOCES program that encourages our staff to partner with local colleges to provide dual enrollment classes. Due to this, we receive reimbursement of $47,500. Also, the School Food Service Fund sales remained the same as the District is still approved for all students to receive free breakfast and lunch for the school year.
- State Aid - This revenue category accounted for a 1.9% increase in 2025-2026 compared to the prior year.
- Real Property Taxes- This revenue category accounted for a 3.9% increase in 2025-2026 due to an increase in tax levy.
- Medicaid Reimbursement- This revenue category accounted for 10.2% increase due to an increase in the number of CPSE students who receive related services.
- Use of Money and Property- the revenue decrease is mainly due to the interest being lower and receiving less interest monthly on our funds.

The total change in revenue from 2024-2025 to 2025-2026 amounted to an increase of 2.2%.

Expenses:

- Most categories have significant decreases due to the District working to lower operational costs and increase fund balances. Even with contractual raises and expenses the District lowered their expenses.
- Expenses increased 100% in Judgment and Claims due to an open lawsuit.

The total change in expenses from 2024-2025 to 2025-2026 amounted to a 2.4% due mainly to the Judgment and Claims. Due to this the District is left with a $ (1,106,377) Net Position. Please see Note 13 for more on Judgment and Claims.

ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $214,760 as compared to last year's ending fund balance of $7,805. The combined fund balance increased $206,955.

General Fund

In the 2025-26 fiscal year the District used $126,653 of their Reserve accounts; this is a decrease from prior years. The assigned appropriations increased from $0 to $50,000 for the 2026-27 fiscal year. The Districts long term plan is to increase fund balance and decrease deficits first then to fund Reserve accounts based off the approved Reserve Plan.

The increase in total fund balances is due to the District lowering operational costs. One of the largest decreases was $134,363 related to the District's employee benefits costs. This decrease is mainly due to the District's negotiating with the HTA union to switch to Rider 11 with lower premium costs.

An increase in operational costs for the General Fund was for the Interfund transfers to the Federal Fund and School Lunch Fund to attempt to resolve deficits. The District increased the Federal Interfund transfer from $20,000 to $52,076 and the School Lunch Fund from $60,000 to $85,000 from prior to current year, respectively.

In the 2025-26 fiscal year, State Aid increased 1.9% or $125,941 and Tax Levy increased 3.9% or $179,344.

School Food Service Fund

In the 2025-2026 fiscal year, the District decreased the School Food Service Fund deficit by $38,427 mainly due to monitoring operational cost and increasing the interfund transfer from $60,000 to $85,000.

The District continued to be enrolled in the National School Lunch Program and School Breakfast Program for the 2025-26 school year which allows all children at school to be served meals at no charge. The District also received the National School Lunch Program Equipment Assistance Grant to receive a (3) Door Freezer at 100% cost covered.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2026

ANALYSIS OF THE DISTRICT'S FUNDS

Capital Projects – Bus Purchases

In the 2025-2026 fiscal year, the District assumed a BAN for $930,002. This amount is based off a 5-year authorization schedule for the District bus purchases and will be paid off in 2031. The District also had a BAN redeemed from appropriations in the amount of $274,116. The District renews their BAN yearly based off bus purchase amounts. The District purchased two(2) 66 passenger buses for a total cost of $286,998 in the 2025-26 fiscal year.

The fund balance in the General Fund increased $157,946, the School Food Service Fund increased $38,427 and the Capital Projects Fund Buses decreased $12,882. The budgeted appropriated fund balance increased from $0 for 2025-2026 to $50,000 for 2026-2027. The increase in combined fund balance is due to a decrease in the District operational costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Category	2026	2025	Percent Change
Land	$ 25,165	$ 25,165	0.0%
Buildings and Site Improvements (Net of Depreciation)	14,965,403	15,517,296	-3.6%
Furniture and Equipment (Net of Depreciation)	1,316,561	1,324,926	-0.6%
Intangible Lease Asset- Equipment (Net of Amortization)	35,255	33,595	4.9%
Total	$ 16,342,384	$ 16,900,982	-3.3%

The above summary of capital assets includes current year's depreciation and amortization of $912,370. As of June 30, 2026, the District invested $16,342,384 in a broad range of capital assets, including land, buildings and improvements, furniture and equipment, vehicles and intangible lease equipment assets. More detailed information about the District's capital assets are presented in the notes to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Long-Term Debt

Category		2026		2025	Percent Change
General Obligation Bonds (Net of Unamortized Premium)	$	4,727,342	$	5,336,101	-11.4%
Judgments and Claims		3,500,000.0		-	100.0%
Other Postemployment Benefits		30,126,626		38,789,438	-22.3%
Net Pension Liability		203,165		710,235	-71.4%
Lease Liability		35,828		33,932	5.6%
Compensated Absences		530,194		749,626	-29.3%
Total	$	39,123,155	$	45,619,332	-14.2%

At year end, the District had $39,123,155 in long-term debt, consisting of general obligation bonds, compensated absences, lease liabilities, and other postemployment benefits, as shown. Long-term debt highlights include:

- Debt Service: The District paid $550,000 in bond principal.
- Copier Lease: The District paid $11,878 in lease principal for the equipment lease and engaged in a new lease arrangement in the amount of $13,774.
- Compensated absences balances was restated from $647,915 to $$415,669 due to the 2024-25 calculation being revised and retirements in the 2025-2026 fiscal year.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- Enrollment figures continue to decrease year to year. On BEDS day 2025-2026 enrollment reported was 289 and current enrollment in 2026-27 is 286. Even though this number is not a significant we still expect enrollment to continue to decrease.

- The District is running a Full Day UPK program as it has the last couple years. Based off the State Budget for the 2026-27 school year are program is almost fully funded compared to past year where we were not.

- The contract for the Harrisville Service Association (HSEA) is on a contract until 6/30/2027. The contract for the Harrisville Teacher's Association (HTA) was renewed starting 7/1/2025 and doesn't expire until 6/30/2028.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact: Business Office, Harrisville Central School, Pirate Lane, Harrisville, NY 13648.

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
June 30, 2026

ASSETS		
Cash and Cash Equivalents		
Unrestricted	$	371,642
Restricted		582,604
Receivables		
State and Federal Aid		302,939
Due From Other Governments		312,196
Other		16,494
Inventories		20,374
Prepaid Expenses		6,407
Net Pension Asset - Proportionate Share		889,810
Capital Assets, Net		16,342,384
TOTAL ASSETS	$	18,844,850
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	$	1,469,340
Other Postemployment Benefits		2,547,916
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	4,017,256
LIABILITIES		
Payables		
Accounts Payable	$	4,017
Accrued Liabilities		70,122
Due to Other Governments		2,497
Accrued Interest Payable		36,764
Due to Teachers' Retirement System		314,360
Due to Employees' Retirement System		48,424
Unearned Credits		
Unearned Revenues		1,319
Notes Payable		
Bond Anticipation Note		930,022
Long-Term Liabilities		
Due and Payable Within One Year		
Bonds Payable, Net of Unamortized Premium		553,759
Lease Liability		14,530
Due and Payable After One Year		
Bonds Payable, Net of Unamortized Premium		4,173,583
Lease Liability, Net		21,298
Compensated Absences Payable		530,194
Net Pension Liability - Proportionate Share		203,165
Judgment and Claims		3,500,000
Other Postemployment Benefits Payable		30,126,626
TOTAL LIABILITIES	$	40,530,680
DEFERRED INFLOWS OF RESOURCES		
Pensions	$	1,163,369
Other Postemployment Benefits		14,074,896
TOTAL DEFERRED INFLOWS OF RESOURCES	$	15,238,265
NET POSITION		
Net Investment in Capital Assets	$	10,649,192
Restricted		540,665
Unrestricted (Deficit)		(44,096,696)
TOTAL NET POSITION	$	(32,906,839)

See notes to audited basic financial statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General Support	$ 2,310,230	$ -	$ -	$ -	$ (2,310,230)
Instruction	6,331,507	50,596	354,242	27,135	(5,899,534)
Pupil Transportation	922,940	-	-	-	(922,940)
Community Service	1,098	-	-	-	(1,098)
Debt Service - Interest	191,659	-	-	-	(191,659)
School Food Service Program	188,316	43,759	277,783	-	133,226
Total Functions and Programs	$ 9,945,750	$ 94,355	$ 632,025	$ 27,135	(9,192,235)
GENERAL REVENUES					
Real Property Taxes					4,299,729
Other Tax Items					319,979
Use of Money and Property					67,401
Gain on Disposal of Capital Assets					53,000
State Sources					6,607,882
Medicaid Reimbursement					21,518
Miscellaneous					216,349
Total General Revenues					11,585,858
UNUSUAL OR INFREQUENT ITEM					
Judgment and Claims Expense					(3,500,000)
Change in Net Position					(1,106,377)
Net Position - Beginning of Year					(31,800,462)
Net Position - End of Year					$ (32,906,839)

See notes to audited basic financial statements.

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BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2026

	General Fund	School Food Service Fund
ASSETS		
Cash and Cash Equivalents		
Unrestricted	$ 368,754	$ 1,835
Restricted	457,905	-
Receivables		
Due From Other Funds	437,628	-
State and Federal Aid	89,343	38,524
Due From Other Governments	312,196	-
Other	11,919	3,775
Inventories	-	20,374
Prepaid Expenditures	6,358	49
TOTAL ASSETS	$ 1,684,103	$ 64,557
LIABILITIES		
Payables		
Accounts Payable	$ 4,017	$ -
Accrued Liabilities	68,526	1,596
Due to Other Funds	407,073	253,910
Due to Other Governments	-	2,145
Due to Teachers' Retirement System	314,360	-
Due to Employees' Retirement System	48,424	-
Unearned Credits		
Unearned Revenues	-	-
Notes Payable		
Bond Anticipation Note	-	-
Total Liabilities	842,400	257,651
DEFERRED INFLOWS OF RESOURCES		
Deferred State Aid	-	-
Total Deferred Inflows of Resources	-	-
FUND BALANCES (DEFICITS)		
Nonspendable	6,358	-
Restricted	457,905	-
Assigned	52,597	-
Unassigned (Deficit)	324,843	(193,094)
Total Fund Balances (Deficits)	841,703	(193,094)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 1,684,103	$ 64,557

Capital Projects Fund - Buses	Non-Major Funds	Total Governmental Funds
$ -	$ 1,053	$ 371,642
34,479	90,220	582,604
433,388	1,731	872,747
-	175,072	302,939
-	-	312,196
575	225	16,494
-	-	20,374
-	-	6,407
$ 468,442	$ 268,301	$ 2,485,403
$ -	$ -	$ 4,017
-	-	70,122
-	211,764	872,747
-	352	2,497
-	-	314,360
-	-	48,424
-	1,319	1,319
930,022	-	930,022
930,022	213,435	2,243,508
-	27,135	27,135
-	27,135	27,135
-	-	6,358
-	82,760	540,665
-	-	52,597
(461,580)	(55,029)	(384,860)
(461,580)	27,731	214,760
$ 468,442	$ 268,301	$ 2,485,403

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2026

Total Fund Balance - Governmental Funds		$ 214,760
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Proportionate share of long-term asset (liability) associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.		
Net Pension Asset- Proportionate Share - TRS	$ 889,810	
Net Pension Liability - Proportionate Share - ERS	(203,165)	686,645
Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:		
Other Postemployment Benefits	$ 14,074,896	
Pensions	1,163,369	(15,238,265)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:		
Other Postemployment Benefits	$ 2,547,916	
Pensions	1,469,340	4,017,256
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
The Cost of Capital Assets is	$ 29,638,859	
Accumulated Depreciation and Amortization is	(13,296,475)	16,342,384
Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas, the Statement of Activities reports revenues when earned. Therefore, deferred inflows of resources are not reported on the Statement of Net Position. Revenue represents Smart School Bonds Act State Aid.		27,135
Long-term liabilities, including bonds payable, lease liabilities, compensated absences, and other post employment benefits are not due in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities, at year end, consist of:		
Bonds Payable	$ 4,240,000	
Premium on Bond Payable	487,342	
Accrued Interest Payable	36,764	
Lease Liability	35,828	
Compensated Absences Payable	530,194	
Judgment and Claims	3,500,000	
Other Postemployment Benefits Payable	30,126,626	(38,956,754)
Total Net Position - Governmental Activities		$ (32,906,839)

See notes to audited basic financial statements.

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS

Year Ended June 30, 2026

	General Fund	School Food Service
REVENUES		
Real Property Taxes	$ 4,299,729	$ -
Other Tax Items	319,979	-
Charges for Services	50,596	-
Use of Money and Property	57,172	36
State Sources	6,607,882	75,138
Medicaid Reimbursement	21,518	-
Federal Sources	-	184,231
Surplus Food	-	18,414
Sales - School Food Service	-	43,759
Miscellaneous	104,641	-
Total Revenues	11,461,517	321,578
EXPENDITURES		
General Support	1,763,113	179,835
Instruction	4,433,708	-
Pupil Transportation	543,532	-
Community Service	1,098	-
Employee Benefits	3,336,674	47,175
Debt Service		
Principal	835,994	-
Interest	252,376	-
Cost of Sales - School Food Service	-	141,141
Other Expenditures	-	-
Capital Outlay	-	-
Total Expenditures	11,166,495	368,151
Excess (Deficiency) of Revenues Over Expenditures	295,022	(46,573)
OTHER FINANCING SOURCES AND (USES)		
BAN Redeemed From Appropriations	-	-
Proceeds from Debt - Lease	-	-
Operating Transfers In	-	85,000
Operating Transfers (Out)	(137,076)	-
Total Other Financing Sources and (Uses)	(137,076)	85,000
Net Change in Fund Balances	157,946	38,427
Fund Balances (Deficit) - Beginning of Year	683,757	(231,521)
Fund Balances (Deficit) - End of Year	$ 841,703	$ (193,094)

Capital Projects Fund Buses	Non-Major Funds	Total Governmental Funds
$ -	$ -	$ 4,299,729
-	-	319,979
-	-	50,596
-	10,193	67,401
-	107,026	6,790,046
-	-	21,518
-	247,216	431,447
-	-	18,414
-	-	43,759
-	111,708	216,349
-	476,143	12,259,238
-	-	1,942,948
-	357,157	4,790,865
-	4,893	548,425
-	-	1,098
-	-	3,383,849
-	-	835,994
-	-	252,376
-	-	141,141
-	117,285	117,285
286,998	39,194	326,192
286,998	518,529	12,340,173
(286,998)	(42,386)	(80,935)
274,116	-	274,116
-	13,774	13,774
-	52,076	137,076
-	-	(137,076)
274,116	65,850	287,890
(12,882)	23,464	206,955
(448,698)	4,267	7,805
$ (461,580)	$ 27,731	$ 214,760

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

Year Ended June 30, 2026

Net Change in Fund Balances - Total Governmental Funds		$ 206,955
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial individual cost of more than $5,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays and gain on disposal in the current period.		
Capital Outlays	$ 300,772	
Gain on Disposal of Property	53,000	
Depreciation and Amortization Expense	(912,370)	(558,598)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period for bonds and lease liabilities.		561,878
Proceeds of long-term debt, including lease liabilities, are recorded as an other financing sources for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from lease obligations received in the current year.		(13,774)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the change in accrued interest on bonds and BANs and decreased by the amortization of bond premiums.		60,717
In the Statement of Activities, certain operating expenses-compensated absences (vacations and certain sick pay), special termination benefits (early retirement) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		219,432

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES - CONTINUED

Year Ended June 30, 2026

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Long-term revenue differences relating to deferred state aid revenue is reported as revenue in the Statement of Activities and Deferred Inflows in the governmental funds, and therefore not reported as revenue in the governmental funds.		27,135
Claims and judgment liabilities are reported on the Statement of Activities based on projected claims payable when probable and reasonably estimated, whereas, in the governmental funds the expenditures will not be recorded until the claim becomes due with a signed settlement agreement or final court determination.		(3,500,000)
On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.		1,612,652
(Increases) decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System	$ 307,098	
Employees' Retirement System	(29,872)	277,226
Change in Net Position of Governmental Activities		$ (1,106,377)

See notes to audited basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2026

	Custodial
ASSETS	
Cash and Cash Equivalents	
Restricted	$ -
Total Assets	$ -
LIABILITIES	
Other Liabilities	$ -
Total Liabilities	-
NET POSITION	
Restricted	$ -

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2026

	Custodial
ADDITIONS	
Taxes Collected for Other Governments (Library Levy)	$ 62,285
Total Additions	62,285
DEDUCTIONS	
Payment of Tax to Other Governments (Library Levy)	62,285
Total Deductions	62,285
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	$ -

See notes to audited basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Harrisville Central School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (Board) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Extra Classroom Activities Fund

The Extra Classroom Activities Fund of the District represent the funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund is independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activities Fund can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

The District is one of 18 component school districts in the St. Lawrence-Lewis Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $1,713,581 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $761,125. This represents state aid distributions of $692,657 and 2025 fund balance returned to schools of $68,468.

Financial statements for the BOCES are available from the BOCES administrative office.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

District-Wide Statements

The *Statement of Net Position* and the *Statement of Activities* present financial information about the overall District's governmental activities, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal transactions. Governmental activities are generally financed through taxes, state and federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants.

The *Statement of Net Position* presents the financial position of the District at fiscal year-end. The *Statement of Activities* presents a comparison between direct program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expenditures for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the District's funds, including each type of fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation - Continued

The District reports the following governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition, Extra Classroom Activities Fund which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activities Fund: Used to account for funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extra classroom activities fund is independent of the District with respect to its financial transactions and the designation of student management.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulations of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation - Continued

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District and are not available to be used.

The District uses one class of fiduciary funds:

> Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. These funds are used to account for real property taxes collected on behalf of other governments and disbursed to these governments.

Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g. property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmature portion of long-term debt and other certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting - Continued

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the State. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year as it matches the liquidation of related obligations.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, subscription liabilities, claims and judgments, compensated absences, workers' compensation, pensions, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital assets, intangible lease assets, and intangible subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 5, 2025. Taxes are collected during the period September 1, 2025 to October 31, 2025.

Uncollected real property taxes are subsequently enforced by the Counties of Lewis and St. Lawrence, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the District's policy concerning which to apply first varies with the intended use, and with the associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Certain cash balances are restricted by various legal or contractual obligations, such as legal reserves or debt agreements.

Inventories and Prepaid Items

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond yearend. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position and Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Other Assets

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost for acquisitions or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land and Construction in Progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Site Improvements	$ 5,000	SL	5-20 Years
Buildings	5,000	SL	20-50 Years
Furniture and Equipment	5,000	SL	5-8 Years
Vehicles	5,000	SL	5-10 Years

The District does not possess any infrastructure.

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of $5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions or other inputs. The third item is the District's contributions to the New York State Teachers' and Employees' pension systems and to the Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting and is reported as deferred inflow of resources for Smart Schools Bond Act payments which have not been received within 90 days of year-end. They represent a deferred inflow on the Balance Sheet in the governmental funds and revenue in the District-wide Statement of Activities. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS system) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenues is removed and revenue is recognized.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave and/or a credit towards their health insurance obligation.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's section 403(b) plan.

In the District-Wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay at the reporting date and/or rates specified in negotiated labor contracts and in individual employment contracts, including salary-related payments such as social security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teacher's Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Benefits – Continued

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage to eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Equity Classifications

District-Wide Statements

In the District-wide statements there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) and intangible lease and subscription assets (present value of future payments remaining on the term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements of, and the right-to-use those assets, net of any unexpended proceeds.

Restricted Net Position – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Funds Statements

In the fund basis statements, there are five classifications of fund balance:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid expenditures in the General Fund of $6,358. The nonspendable portion in the School Food Service Fund is limited by available fund balance.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

Repair Reserve

According to General Municipal Law §6-d, expenditures made from the repairs reserve must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Retirement Contributions Reserve

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve must be used for financing retirement contributions to the New York State and Local Employees Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Unemployment Insurance Reserve

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, all expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Workers' Compensation Reserve

According to General Municipal Law §6-j, all expenditures made from the workers' compensation reserve fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued

Extra Classroom Activities Fund

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. These monies are accounted for in the Extra Classroom Activities Fund.

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. These monies are accounted for in the Scholarships and Awards Fund.

Debt Service Fund

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Restricted fund balance includes the following at June 30, 2026:

General Fund		
Employee Benefit Accrued Liability Reserve	$	157,090
Repair Reserve		43,318
Retirement Contributions Reserve-NYSERS		114,153
Unemployment Insurance Reserve		55,471
Workers' Compensation Reserve		87,873
Extra Classroom Activities Fund		38,372
Scholarships and Awards Fund		16,053
Debt Service Fund		28,335
Total Restricted Funds	$	540,665

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2026.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $2,597. Any remaining fund balance in other funds is considered assigned.

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2026, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ended June 30, 2026. The statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the statements also addresses certain application issues.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ended June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

Future Changes in Accounting Standards

GASB has issued Statement No. 105, *Subsequent Events*, effective for the year ended June 30, 2027. The statement's objective is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

1. Long-Term Revenue and Expense Differences:

   Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement and the accrual basis of accounting is used on the Statement of Activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – Continued

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities - Continued

2. Capital Related Differences:

   Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the acquisition of capital items or financing of intangible lease assets in the governmental fund statements and depreciation or amortization expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences:

   Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences:

   Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

5. OPEB Differences:

   OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred for the year ended June 30, 2026.

Budgets are adopted annually on a basis consistent with GAAP.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2026.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Special revenue funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

Other

The Capital Project Fund-Buses had a deficit fund balance of $461,580. This will be funded when the District obtains permanent financing. The Capital Project Fund-SSBA had a deficit fund balance of $27,135. This will be funded with future proceeds from state aid. The Capital Project Fund- Other included a deficit fund balance of $911 related to the 2021-2022 project. This will be funded with transfers from the General Fund.

The Special Aid fund has a deficit fund balance of $26,983 at June 30, 2026. This will be funded with transfers from the General Fund and with State grants received in future years.

The School Food Service fund has a deficit fund balance of $193,094 at June 30, 2026. This will be funded with transfers from the General Fund in future years.

The District had the following expenditures in excess of the approved budget line items in the General Fund for debt service expenditures in the amount of $12,488.

NOTE 4 – CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Cash

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 346,987

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $457,905 restricted for various fund balance reserves in the General Fund, $34,479 restricted for capital project in the Capital Project Fund - Buses, $27,050 restricted in the Debt Service Fund, $38,278 restricted for extra classroom in the Extra Classroom Activities Fund, and $24,892 restricted for scholarships and awards in the Scholarships and Awards Fund within the governmental funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2026 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

NOTE 4 – CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS - Continued

Cash - Continued

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool-NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2026, the District held $793,889 in the General Fund, $30,962 in Capital Projects Funds – Buses, $27,050 in Debt Service Fund, and $4,412 in Scholarships and Awards Fund through the cooperative classified as unrestricted and restricted cash.

The above amounts represent the cost of the investment pool shares and are considered to approximate net asset values. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

NOTE 5 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

In accordance with the provisions of GASB Statement No 87, *Leases*, the District has recognized an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment.

Capital asset and intangible lease asset balances and activity for the year ended June 30, 2026 were as follows:

Governmental Activities	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	$ 25,165	$ -	$ -	$ 25,165
Total Nondepreciable Assets	25,165	-	-	25,165
Other Capital Assets:				
Site Improvements	731,144	-	-	731,144
Buildings	25,093,738	-	-	25,093,738
Furniture and Equipment	2,251,330	-	-	2,251,330
Vehicles	1,331,446	339,998	(205,878)	1,465,566
Intangible Lease Assets-Equipment	63,331	13,774	(5,189)	71,916
Total Other Capital Assets	29,470,989	353,772	(211,067)	29,613,694
Less Accumulated Depreciation:				
Site Improvements	433,346	30,146	-	463,492
Buildings	9,874,240	521,747	-	10,395,987
Furniture and Equipment	1,669,842	89,250	-	1,759,092
Vehicles	588,008	259,113	(205,878)	641,243
Less Accumulated Amortization:				
Intangible Lease Assets-Equipment	29,736	12,114	(5,189)	36,661
Total Accumulated Depreciation and Amortization	12,595,172	912,370	(211,067)	13,296,475
Total Other Capital Assets, Net	16,875,817	(558,598)	-	16,317,219
Total Capital Assets, Net	$ 16,900,982	$ (558,598)	$ -	$ 16,342,384

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 5 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS– Continued

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	$ 154,639
Instruction	498,618
Pupil Transportation	259,113
	$ 912,370

NOTE 6 – SHORT-TERM DEBT OBLIGATIONS

Short-term debt may be authorized and issued to fund the following:

Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs).

Transactions in short-term debt for the year are summarized below:

	Maturity Dates	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	8/29/2025	4.00%	$ 864,140	$ -	$ 864,140	$ -
BAN	8/28/2026	3.59%	-	930,022	-	930,022
			$ 864,140	$ 930,022	$ 864,140	$ 930,022

Interest on short-term debt for the year composed of:

Interest Paid	$ 34,566
Less: Interest Accrued in the Prior Year	(28,978)
Plus: Interest Accrued in the Current Year	28,082
Total Interest on Short-Term Debt	$ 33,670

The proceeds of the BANs were used as short-term financing for bus purchases.

NOTE 7 – LONG-TERM DEBT OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

Lease Liabilities

The District enters into agreements to lease office equipment. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

NOTE 7 – LONG-TERM DEBT OBLIGATIONS - Continued

Long-term liability balances and activity are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities:					
General Obligation Debt					
Serial Bonds	$ 4,790,000	$ -	$ 550,000	$ 4,240,000	$ 495,000
Premium on Bonds	546,101	-	58,759	487,342	58,759
Total Long-Term Liabilities	5,336,101	-	608,759	4,727,342	553,759
Other Long-Term Liabilities					
Net Pension Liability - Proportionate Share	710,235	-	507,070	203,165	-
Compensated Absences Payable	749,626	-	219,432	530,194	-
Lease Liability	33,932	13,774	11,878	35,828	14,530
Judgments and Claims	-	3,500,000	-	3,500,000	-
Other Postemployment Benefits	38,789,438	-	8,662,812	30,126,626	-
Total Other Long-Term Liabilities	40,283,231	3,513,774	9,401,192	34,395,813	14,530
Total Governmental Activities	$ 45,619,332	$ 3,513,774	$ 10,009,951	$ 39,123,155	$ 568,289

The General Fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net.

Existing serial and statutory obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bond 2012	06/28/12	06/15/28	2.0-3.5	$ 50,000
Serial Bond 2019	06/17/19	06/15/34	3.0-5.0	3,410,000
Serial Bond 2022	06/15/22	06/15/37	5.00	780,000
Total				$ 4,240,000

NOTE 7 – LONG-TERM DEBT OBLIGATIONS - Continued

The following is a summary of debt service requirements for bonds payable at year-end June 30:

	Principal	Interest	Total
2027	$ 495,000	$ 191,350	$ 686,350
2028	500,000	167,050	667,050
2029	510,000	142,350	652,350
2030	535,000	116,850	651,850
2031	560,000	90,100	650,100
2032-2036	1,595,000	170,900	1,765,900
2037	45,000	2,250	47,250
Total	$ 4,240,000	$ 880,850	$ 5,120,850

Existing lease obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Copiers-Symquest	1/1/2023	1/1/2028	2.082	$ 16,725
Copiers-ABS	6/6/2025	5/6/2030	2.082	5,570
Copiers-Symquest	6/1/2026	5/1/2031	1.910	13,533
Total				$ 35,828

The following is a summary of debt service requirements for lease liabilities at year-end June 30:

	Principal	Interest	Total
2027	$ 14,530	$ 584	$ 15,114
2028	10,335	301	10,636
2029	4,192	176	4,368
2030	4,151	93	4,244
2031	2,620	25	2,645
	$ 35,828	$ 1,179	$ 37,007

Principal and interest expense paid on the District's lease liability amounted to $11,878 and $610, respectively, for the fiscal year end June 30, 2026.

NOTE 7 – LONG-TERM DEBT OBLIGATIONS - Continued

Interest on long-term debt for the year was composed of:

Interest Paid	$	217,810
Less: Interest Accrued in the Prior Year		(9,744)
Plus: Interest Accrued in the Current Year		8,682
Less: Amortization of Bond Premium		(58,759)
Total Interest on Long-Term Debt	$	157,989

NOTE 8 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple employer public employee defined benefit retirement systems. The Systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

Teachers' Retirement System (TRS) Plan Description

The TRS is administered by the New York State Teacher's Retirement Board. The TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by the enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Annual Comprehensive Financial Report which can be found on the System's website at www.nystrs.org.

NOTE 8 – PENSION PLANS – Continued

Employees' Retirement System (ERS) Plan Description

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided - Continued

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

NOTE 8 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

NOTE 8 – PENSION PLANS – Continued

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2025 and 2024 is 1.2% and 1.8%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited fulltime New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided - Continued

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tier 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

All Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

NOTE 8 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regard less of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2025 and received an overall discount of $1,553.)

The District's share of the required contributions based on covered payroll paid for the current and two preceding years were:

	NYSTRS	NYSERS
2025-2026	$ 298,318	$ 215,915
2024-2025	289,901	205,888
2023-2024	345,779	172,658

NOTE 8 – PENSION PLANS – Continued

Pension Assets, Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2026 for ERS and June 30, 2025 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement Date	March 31, 2026	June 30, 2025
District's Proportionate Share of the Net Pension Asset (Liability)	$ (203,165)	$ 889,810
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0036011%	0.015028%
Change in Proportion Since the Prior Measurement Date	-0.0005412%	-0.000529%

NOTE 8 – PENSION PLANS – Continued

Pension Assets, Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the year ended June 30, 2026, the District's recognized pension expense (credit) of $29,872 for ERS and ($307,098) for TRS. At June 30, 2026 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	$ 116,263	$ 466,459	$ -	$ -
Changes of Assumptions	34,875	352,248	-	9,594
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	364,287	694,939
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	63,697	110,365	55,511	39,038
District's Contributions Subsequent to the Measurement Date	48,424	277,009	-	-
Total	$ 263,259	$ 1,206,081	$ 419,798	$ 743,571

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2027, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2027	$ 92,041	$ 464,111
2028	(121,901)	(177,845)
2029	(84,849)	(189,499)
2030	(90,254)	(21,765)
2031	-	92,829
Thereafter	-	17,670

NOTE 8 – PENSION PLANS – Continued

Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2026	June 30, 2025
Actuarial Valuation Date	April 1, 2025	June 30, 2024
Interest Rate	5.9%	6.95%
Salary Scale	5.2%	1.4%
Decrement Tables	April 1, 2020 - March 31, 2025 System's Experience	July 1, 2019 - June 30, 2024 System's Experience
Inflation Rate	2.9%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on July 1, 2019 – June 30, 2024 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2020 – March 31, 2025. For TRS, the assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2025. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

NOTE 8 – PENSION PLANS – Continued

Actuarial Assumptions - Continued

For TRS the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* and generally accepted accounting principles. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2026	June 30, 2025
Asset Type		
Domestic Equity	3.29%	6.70%
International Equity	5.85%	7.40%
Private Equity	7.00%	9.80%
Global Equity		7.00%
Real Estate	5.20%	6.50%
Opportunistic / Absolute Return Strategies	5.13%	
Credit	5.10%	
Real Assets	5.54%	
Fixed Income	1.75%	
Cash	0.25%	0.60%
Private Debt		6.10%
Real Estate Debt		3.80%
Domestic Fixed Income Securities		2.60%
Global Bonds		2.40%
High-Yield Bonds		4.70%

NOTE 8 – PENSION PLANS – Continued

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's Proportionate Share of the Net Pension Asset (Liability)	$ (1,387,564)	$ (203,165)	$ 787,044

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's Proportionate Share of the Net Pension Asset (Liability)	$ (1,709,780)	$ 889,810	$ 3,077,229

NOTE 8 – PENSION PLANS – Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective measurement dates, were as follows:

(In Thousands)

	ERS	TRS	Total
Measurement Date	March 31, 2026	June 30, 2025	
Employer's Total Pension Asset (Liability)	$ (253,773,040)	$ (148,272,069)	$ (402,045,109)
Plan Fiduciary Net Position	248,131,290	154,193,125	402,324,415
Employer's Net Pension Asset (Liability)	$ (5,641,750)	$ 5,921,056	$ 279,306
Ratio of Plan Fiduciary Net Position to the Employer's Total Pension Asset (Liability)	97.78%	103.99%	

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tie. Accrued retirement contributions as of June 30, 2026 amounted to $48,424. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October, and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2026 amounted to $314,360.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 9 – INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2026 are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General	$ 437,628	$ 407,073	$ -	$ 137,076
Special Aid	-	174,843	52,076	-
School Food Service	-	253,910	85,000	-
Debt Service	1,285	-	-	-
Extra Classroom Activity	446	-	-	-
Scholarships & Awards	-	8,875	-	-
Capital Projects - Buses	433,388	-	-	-
Capital Projects - Non-Major	-	28,046	-	-
Total	$ 872,747	$ 872,747	$ 137,076	$ 137,076

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

The General Fund advances funds to the Special Aid Fund and the School Food Service Fund to provide temporary cash until New York State has reimbursed the grant programs. An interfund transfer was made from General Fund to Capital Projects Fund-Non-Major to cover the capital outlay project. An interfund transfer was made from General Fund to School Food Service Fund and Special Aid Fund as budgeted to cover the deficit fund balance.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 10 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2026:

Fund Balances(Deficits)	General	School Lunch Fund	Capital Projects Fund - Buses	Total Non-Major	Total Governmental Funds
Nonspendable					
Prepaid Expenditures	$ 6,358	$ -	$ -	$ -	$ 6,358
Restricted					
Retirement Contribution	114,153	-	-	-	114,153
Workers' Compensation	87,873	-	-	-	87,873
Unemployment Insurance	55,471	-	-	-	55,471
Employee Benefit Accrued Liability	157,090	-	-	-	157,090
Repair Reserve	43,318	-	-	-	43,318
Debt Service Reserve	-	-	-	28,335	28,335
Extra Classroom Activities	-	-	-	38,372	38,372
Scholarships and Awards	-	-	-	16,053	16,053
Assigned					
Designated for Next Fiscal Year	50,000	-	-	-	50,000
Instruction	2,597	-	-	-	2,597
Unassigned (Deficit)					
General Fund	324,843	-	-	-	324,843
School Food Service Fund	-	(193,094)	-	-	(193,094)
Special Aid	-	-	-	(26,983)	(26,983)
Capital Projects-Buses	-	-	(461,580)	-	(461,580)
Capital Project-Other	-	-	-	(911)	(911)
Capital Projects-SSBA	-	-	-	(27,135)	(27,135)
Total Governmental Fund Balance (Deficit)	$ 841,703	$ (193,094)	$ (461,580)	$ 27,731	$ 214,760

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2026

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At July 1, 2025 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	74
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	73
Total Covered Employees	147

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2026, the District recognized $1,145,550 for its share of premiums for currently enrolled retirees.

The District provides postemployment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District provides a self-insured minimum premium traditional indemnity plan to eligible retirees and dependents through the St. Lawrence-Lewis health care consortium (the Plan). Currently 74 retired employees have elected to participate and contribute health insurance payments under the District's plan. Participants must be eligible to retire under the New York State Retirement System (ERS or TRS) and meet the minimum requirements of age 55 with 5 years of service. The plan pays for 100% of the cost of premiums of employees who retired prior to July 1, 2008, 98% of the cost of premiums of employees who retired after July 1, 2008 and before July 1, 2009, and 92% of the cost of premiums of employees who retired after July 1, 2009. The plan pays 95% of the cost of premiums of employees who were principals, superintendents, and term employees.

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

General Information about the OPEB Plan - Continued

Spousal benefits continue for the life of the retired employee spouse and surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for paying 100% of the plan premium through COBRA. The plan pays for 95% of the cost of spousal premiums of employees who retired prior to July 1, 2008, 93% of the cost of spousal premiums of employees who retired after July 1, 2008 and before July 1, 2009, and 87% of the cost of spousal premiums of employees who retired after July 1, 2009. The Plan issues a publicly available financial report.

The District plan participation changed to Rider 10 for HSEA member and Rider 11 for other employee groups.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2026 which indicates that the total liability for other postemployment benefits is $30,126,626 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2025 and was determined by actuarial valuation as of July 1, 2025.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions	
Measurement Date	07/01/25
Rate of Compensation Increase	3.00%
Inflation Rate	2.60%
Discount Rate	5.20%
Assumed Medical/Prescription Drug Trend Rates at June 30	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.70%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.04%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2096
Additional Information	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (In Years)	5.45
Amortization Period Status	Open
Method Used to Determine Actuarial Value of Assets	N/A

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Total OPEB Liability - Continued

The discount rate was based on the Bond Buyer Weekly 20-Bond Go Index as of July 1, 2025.

Mortality rates were based on the sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2024 – June 30, 2025.

Changes in the Total OPEB Liability

Balance at June 30, 2025	$ 38,789,438
Changes for the Year	
Service Cost	1,393,580
Interest	1,555,966
Changes of Benefit Terms	(1,187,796)
Differences Between Expected and Actual Experience	(3,342,178)
Changes of Assumptions or Other Inputs	(5,900,368)
Benefit Payments	(1,182,016)
Net Changes	(8,662,812)
Balance at June 30, 2026	$ 30,126,626

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93 percent as of July 1, 2024 to 5.2 percent on July 1, 2025.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current discount rate:

	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Total OPEB Liability	$ 34,672,109	$ 30,126,626	$ 26,426,911

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Changes in the Total OPEB Liability - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.04 percent) or 1 percentage point higher (trend increasing to 5.04 percent) than the current healthcare cost trend rate:

	1% Decrease (trend Less 1% Decreasing to 3.04%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.04%)	1% Increase (Trend Plus 1% Increasing to 5.04%)
Total OPEB Liability	$ 26,086,843	$ 30,126,626	$ 35,232,865

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the District recognized OPEB expense (credit) of $(1,612,652). At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 251,569	$ 5,339,268
Changes of Assumptions or Other Inputs	1,105,714	8,735,628
Benefit Payments Subsequent to the Measurement Date	1,190,633	-
	$ 2,547,916	$ 14,074,896

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS– Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued

District benefit payments subsequent to measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2027. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2027	$ (3,371,819)
2028	(3,466,464)
2029	(2,909,032)
2030	(2,130,909)
2031	(839,389)
2032 and Thereafter	-
	$ (12,717,613)

NOTE 12 - RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Pooled Non-Risk-Retained

The District participates in the St. Lawrence-Lewis Counties School District Employee Medical Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to $1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the $1,000,000 limit, and the District has essentially transferred all related risk to the pool.

NOTE 12 - RISK MANAGEMENT - Continued

Pooled Non-Risk-Retained – Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to ensure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District share of the liability for unbilled and open claims is $0.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. The District's administration believes disallowances, if any, will be immaterial.

During a prior fiscal year, the District was named as a defendant in a lawsuit brought pursuant to the Child's Victims Act. During August 2026, a New York State Court rendered a judgment in favor of the plaintiff and awarded damages of $3.5 million. The District is currently appealing the judgment. Based on the information available as of the date of the financial statements, the District has recognized a liability of approximately $3.5 million related to this matter, as the amount of the potential obligation is reasonably estimable and payment is considered probable. The ultimate outcome of the appeal cannot presently be determined.

NOTE 14 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships.

Donor-restricted endowments are reported at fair value.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
Ended June 30, 2026

Total OPEB Liability	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service Cost	$ 1,393,580	$ 1,617,547	$ 1,349,197	$ 1,868,329	$ 1,895,312	$ 1,356,718	$ 1,022,079	$ 1,290,475	$ 1,342,680
Interest	1,555,966	1,472,713	1,484,231	981,661	1,025,543	1,233,637	1,200,374	1,212,095	1,200,653
Changes of Benefit Terms	(1,187,796)	(716,615)	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	(3,342,178)	-	(5,005,135)	-	1,190,269	-	703,846	-	(1,938,583)
Changes in Assumptions or Other Inputs	(5,900,368)	(1,770,595)	1,460,608	(5,132,079)	(3,585,237)	8,943,066	1,865,758	(3,979,682)	(8,131,813)
Benefit Payments	(1,182,016)	(1,088,771)	(1,183,942)	(1,102,755)	(960,415)	(867,786)	(926,893)	(885,904)	(873,309)
Net Change in Total OPEB Liability	(8,662,812)	(485,721)	(1,895,041)	(3,384,844)	(434,528)	10,665,635	3,865,164	(2,363,016)	(8,400,372)
Total OPEB Liability - Beginning	38,789,438	39,275,159	41,170,200	44,555,044	44,989,572	34,323,937	30,458,773	32,821,789	41,222,161
Total OPEB Liability - Ending	$ 30,126,626	$ 38,789,438	$ 39,275,159	$ 41,170,200	$ 44,555,044	$ 44,989,572	$ 34,323,937	$ 30,458,773	$ 32,821,789
Covered Payroll	$ 4,541,279	$ 4,800,466	$ 4,729,950	$ 4,272,009	$ 3,825,852	$ 4,017,925	$ 3,815,552	$ 3,730,552	$ 3,595,586
Total OPEB Liability as a Percentage of Covered Payroll	663.40%	808.03%	830.35%	963.72%	1164.58%	1119.72%	899.58%	816.47%	912.84%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2026

	Original Budget	Final Budget	Final Budget Variance to Original Budget	Actual	Actual Variance to Final Budget
REVENUES					
Local Sources					
Real Property Taxes	$ 4,608,500	$ 4,299,729	$ (308,771)	$ 4,299,729	$ -
Other Tax Items	3,000	311,771	308,771	319,979	8,208
Charges for Services	-	-	-	50,596	50,596
Use of Money and Property	60,150	60,150	-	57,172	(2,978)
Miscellaneous	78,000	78,000	-	104,641	26,641
Total Local Sources	4,749,650	4,749,650	-	4,832,117	82,467
State Sources	6,662,094	6,662,094	-	6,607,882	(54,212)
Medicaid Reimbursement	-	-	-	21,518	21,518
Total Revenues	11,411,744	11,411,744	-	11,461,517	49,773
OTHER FINANCING SOURCES			-		
Transfers From Other Funds	-	-	-	-	-
Total Revenues and Other Financing Sources	11,411,744	11,411,744	$ -	$ 11,461,517	$ 49,773
APPROPRIATED FUND BALANCE					
Prior Year's Encumbrances	16,769	16,769			
Appropriated Reserves	120,000	120,000			
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	$ 11,548,513	$ 11,548,513			

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED

Year Ended June 30, 2026

	Original Budget	Final Budget	Final Budget Variance to Original Budget	Actual	Year-End Encumbrances	Final Budget Variance to Actual and Year-End Encumbrances
EXPENDITURES						
General Support						
Board of Education	$ 9,390	$ 15,150	$ 5,760	$ 13,521	$ -	$ 1,629
Central Administration	224,290	232,889	8,599	230,936	-	1,953
Finance	198,012	211,246	13,234	208,750	-	2,496
Staff	109,389	93,945	(15,444)	88,181	-	5,764
Central Services	844,960	841,743	(3,217)	798,158	-	43,585
Special Items	424,929	424,403	(526)	423,567	-	836
Total General Support	1,810,970	1,819,376	8,406	1,763,113	-	56,263
Instruction						
Instruction, Administration and Improvement	236,471	229,827	(6,644)	228,267	-	1,560
Teaching - Regular School	2,245,055	2,275,574	30,519	2,220,027	-	55,547
Programs for Children with Handicapping Conditions	679,575	614,966	(64,609)	589,890	-	25,076
Occupational Education	398,310	405,710	7,400	405,688	-	22
Teaching - Special School	17,000	14,550	(2,450)	14,550	-	-
Instructional Media	313,799	323,417	9,618	314,099	2,597	6,721
Pupil Services	647,877	689,557	41,680	661,187	-	28,370
Total Instruction	4,538,087	4,553,601	15,514	4,433,708	2,597	117,296
Pupil Transportation	531,485	595,600	64,115	543,532	-	52,068
Community Service	2,000	2,000	-	1,098	-	902
Employee Benefits	3,453,013	3,364,978	(88,035)	3,336,674	-	28,304
Debt Service	1,075,882	1,075,882	-	1,088,370	-	(12,488)
Total Expenditures	11,411,437	11,411,437	-	11,166,495	2,597	242,345
OTHER FINANCING USES						
Operating Transfers to Other Funds	137,076	137,076	-	137,076	-	-
Total Expenditures and Other Financing Uses	$ 11,548,513	$ 11,548,513	$ -	11,303,571	2,597	$ 242,345
Net Change in Fund Balance				157,946		
Fund Balances - Beginning of Year				683,757		
Fund Balances - End of Year				$ 841,703		

See paragraph on supplementary schedules included in independent auditor's report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

Year Ended June 30, 2026

NOTE A – BUDGET BASIS OF ACCOUNTING

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

NOTE B – ACTUAL BUDGET RESULTS

	General Fund Over (Under)
BUDGETARY REVENUES Over (Under)	
Differences - Original to Final Budget	
Real Property Taxes - District receives STAR Aid from NYS which is applied against the total amount of taxes levied. The amount of STAR aid is reported with other tax items.	$ (308,771)
Other Tax Items - District receives STAR Aid from NYS which is applied against the total amount of taxes levied. The amount of STAR aid is reported with other tax items.	$ 308,771

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Teachers' Retirement System (TRS)										
District's Proportion of the Net Pension Asset (Liability)	0.015028%	0.015557%	0.018194%	0.018095%	0.016615%	0.018013%	0.018066%	0.018846%	0.017329%	0.016675%
District's Proportionate Share of the Net Pension Asset (Liability)	$ 889,810	$ 464,146	$ (208,068)	$ (347,226)	$ 2,879,285	$ (497,734)	$ 469,362	$ 340,778	$ 131,715	$ (178,596)
District's Covered Payroll	$ 3,250,121	$ 3,128,310	$ 3,528,607	$ 3,345,357	$ 2,830,130	$ 3,048,631	$ 3,236,618	$ 3,219,102	$ 2,900,261	$ 2,707,184
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	27.38%	14.84%	5.90%	10.38%	101.74%	16.33%	14.50%	10.59%	4.54%	6.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	103.99%	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%
Employees' Retirement System (ERS)										
District's Proportion of the Net Pension Asset (Liability)	0.0036011%	0.0041423%	0.0042501%	0.0032670%	0.0031546%	0.0029306%	0.0024968%	0.0025951%	0.0028135%	0.0024250%
District's Proportionate Share of the Net Pension Asset (Liability)	$ (203,165)	$ (710,235)	$ (625,793)	$ (700,586)	$ 257,878	$ (2,918)	$ (661,171)	$ (183,872)	$ (90,804)	$ (227,861)
District's Covered Payroll	$ 1,432,243	$ 1,466,943	$ 1,418,173	$ 1,095,870	$ 965,446	$ 906,332	$ 759,572	$ 752,961	$ 773,611	$ 682,206
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	14.19%	48.42%	44.13%	63.93%	26.71%	0.32%	87.05%	24.42%	11.74%	33.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Teachers' Retirement System (TRS)										
Contractually Required Contribution	$ 298,318	$ 289,901	$ 345,779	$ 314,149	$ 268,761	$ 270,876	$ 320,251	$ 300,834	$ 321,833	$ 341,195
Contributions in Relation to the Contractually Required Contribution	298,318	289,901	345,779	314,149	268,761	270,876	320,251	300,834	321,833	341,195
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	3,250,121	3,128,310	3,528,607	3,345,357	2,830,130	3,048,631	3,236,618	3,219,102	2,900,261	2,707,184
Contributions as a Percentage of Covered Payroll	9.18%	9.27%	9.80%	9.39%	9.50%	8.89%	9.89%	9.35%	11.10%	12.60%
Employees' Retirement System (ERS)										
Contractually Required Contribution	$ 215,915	$ 205,888	$ 172,658	$ 121,111	$ 148,190	$ 126,238	$ 104,160	$ 104,874	$ 113,128	$ 98,284
Contributions in Relation to the Contractually Required Contribution	215,915	205,888	172,658	121,111	148,190	126,238	104,160	104,874	113,128	98,284
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	1,432,243	1,466,943	1,466,943	1,418,173	965,446	906,332	759,572	752,961	773,611	682,206
Contributions as a Percentage of Covered Payroll	15.08%	14.04%	12.17%	11.05%	15.35%	13.93%	13.71%	13.93%	14.62%	14.41%

See paragraph on supplementary schedules included in independent auditor's report.

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND

Year Ended June 30, 2026

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 11,531,744
Add: Prior Year's Encumbrances	16,769
Original Budget	11,548,513
Budget Revision	-
Final Budget	$ 11,548,513

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2026-2027 Voter Approved Expenditure Budget		$ 11,494,928
Maximum Allowed 4% of 2026-2027 Budget		$ 459,797
General Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 52,597	
Unassigned Fund Balance	324,843	
Total Unrestricted Fund Balance	377,440	
Less:		
Appropriated Fund Balance	50,000	
Encumbrances Included in Assigned Fund Balance	2,597	
Total Adjustments	52,597	
General Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 324,843
Actual Percentage		2.83%

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES
Year Ended June 30, 2026

			Expenditures				Financing Resources							
PROJECT TITLE	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	BAN Redeemed From Appropriations	Proceeds Of Obligations	State Aid	Local Sources	Total	Transfer to Other Funds	Fund Balance (Deficit) 6/30/2026
Capital Outlay 21-22	$ 100,000	$ 100,000	$ 105,474	$ -	$ 105,474	$ (5,474)	$ -	$ -	$ -	$ 104,563	$ 104,563	$ -	$ (911)
Smart School Bond Act	300,494	300,494	254,832	25,420	280,252	20,242	-	-	256,894	-	256,894	3,777	(27,135)
Buses	2,559,578	2,431,335	2,144,337	286,998	2,431,335	-	1,969,554	-	-	201	1,969,755	-	(461,580)
Totals	$ 2,960,072	$ 2,831,829	$ 2,504,643	$ 312,418	$ 2,817,061	$ 14,768	$ 1,969,554	$ -	$ 256,894	$ 104,764	$ 2,331,212	$ 3,777	$ (489,626)

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2026

	Special Aid Fund	Extra Classroom Activities	Scholarships and Awards	Debt Service	Capital Project - SSBA	Capital Project - Other	Total Non-Major Funds
ASSETS							
Cash and Cash Equivalents							
Unrestricted	$ 1,053	$ -	$ -	$ -	$ -	$ -	$ 1,053
Restricted	-	38,278	24,892	27,050	-	-	90,220
Receivables							
Due From Other Funds	-	446	-	1,285	-	-	1,731
State and Federal Aid	147,937	-	-	-	27,135	-	175,072
Other	189	-	36	-	-	-	225
TOTAL ASSETS	$ 149,179	$ 38,724	$ 24,928	$ 28,335	$ 27,135	$ -	$ 268,301
LIABILITIES							
Payables							
Due to Other Funds	$ 174,843	$ -	$ 8,875	$ -	$ 27,135	$ 911	$ 211,764
Due to Other Governments	-	352	-	-	-	-	352
Unearned Credits							
Unearned Revenues	1,319	-	-	-	-	-	1,319
Total Liabilities	176,162	352	8,875	-	27,135	911	213,435
DEFERRED INFLOWS OF RESOURCES							
Deferred State Aid	-	-	-	-	27,135	-	27,135
Total Deferred Inflows of Resources	-	-	-	-	27,135	-	27,135
FUND BALANCES (DEFICITS)							
Restricted	-	38,372	16,053	28,335	-	-	82,760
Unassigned(Deficit)	(26,983)	-	-	-	(27,135)	(911)	(55,029)
Total Fund Balances(Deficits)	(26,983)	38,372	16,053	28,335	(27,135)	(911)	27,731
TOTAL LIABILITIES							
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 149,179	$ 38,724	$ 24,928	$ 28,335	$ 27,135	$ -	$ 268,301

See paragraph on supplementary schedules included in independent auditor's report.

COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2026

	Special Aid Fund	Extra Classroom Activities	Scholarships and Awards	Debt Service	Capital Project - SSBA	Capital Project - Other	Total Non-Major Funds
REVENUES							
Use of Money and Property	$ -	$ -	$ -	$ 10,193	$ -	$ -	$ 10,193
State Sources	107,026	-	-	-	-	-	107,026
Federal Sources	247,216	-	-	-	-	-	247,216
Miscellaneous	825	95,322	15,561	-	-	-	111,708
Total Revenues	355,067	95,322	15,561	10,193	-	-	476,143
EXPENDITURES							
Instruction	357,157	-	-	-	-	-	357,157
Pupil Transportation	4,893	-	-	-	-	-	4,893
Other Expenditures	-	96,318	20,967	-	-	-	117,285
Capital Outlay	-	-	-	-	25,420	13,774	39,194
Total Expenditures	362,050	96,318	20,967	-	25,420	13,774	518,529
Excess (Deficiency) of Revenues Over Expenditures	(6,983)	(996)	(5,406)	10,193	(25,420)	(13,774)	(42,386)
OTHER FINANCING SOURCES AND (USES)							
Proceeds from Debt - Lease	-	-	-	-	-	13,774	13,774
Operating Transfers In	52,076	-	-	-	-	-	52,076
Total Other Financing Sources and (Uses)	52,076	-	-	-	-	13,774	65,850
Net Change in Fund Balances	45,093	(996)	(5,406)	10,193	(25,420)	-	23,464
Fund Balances (Deficits)- Beginning of Year	(72,076)	39,368	21,459	18,142	(1,715)	(911)	4,267
Fund Balances (Deficits) - End of Year	$ (26,983)	$ 38,372	$ 16,053	$ 28,335	$ (27,135)	$ (911)	$ 27,731

See paragraph on supplementary schedules included in independent auditor's report.

NET INVESTMENT IN CAPITAL ASSETS
Year Ended June 30, 2026

Capital Assets, Net		$ 16,342,384
Deduct:		
Bond Anticipation Notes	$ 930,022	
Premium on Bonds Payable	487,342	
Short-Term Portion of Bonds Payable	495,000	
Long-Term Portion of Bonds Payable	3,745,000	
Short-Term Portion of Lease Liability	14,530	
Long-Term Portion of Lease Liability	21,298	5,693,192
Net Investment in Capital Assets		$ 10,649,192

BOWERS

BOWERS & COMPANY CPAS, PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

BOARD OF EDUCATION
HARRISVILLE CENTRAL SCHOOL DISTRICT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harrisville Central School District as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Harrisville Central School District's basic financial statements, and have issued our report thereon dated October 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Harrisville Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Harrisville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Harrisville Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2026-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Harrisville Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Harrisville Central School District's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Harrisville Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Harrisville Central School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowers & Company CPAs, PLLC

Watertown, New York
October 15, 2026

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2026

Finding Control Number: 2026 -001

Significant Deficiency

Fund Balance Deficits

Criteria

Management needs to exercise control over the operational fund balances in the School Food Service, Special Aid and Capital Projects funds. To exercise control, management must develop a plan which ensures that balances are reasonable based on the needs of the District, verify balances are available and plan transfers from the General Fund to eliminate deficit balances.

Condition

The District has a deficit fund balance in the School Food Service Fund due to escalating costs of operating the food service program. The deficit fund balance in the Special Aid Fund was attributed to the write-off of uncollectible grant receivables in a prior year. The Capital Projects 2021-2022 Fund deficit was the result of an unanticipated capital outlay project expenditure.

Context

As of June 30, 2026, the District reported deficit fund balances of $26,983 in the Special Aid Fund, $193,094 in the School Food Service Fund, $461,580 in the Capital Projects Fund Buses, $27,135 in the Capital Projects Fund SSBA, and $911 in the Capital Projects Fund 2021-2022.

Effect

The District has deficit balances in three funds that require a budgeted transfer from the General Fund in a future year to eliminate the deficits.

Cause

The District has not been monitoring the above-mentioned funds to ensure there are enough assets in place and revenues generated to ensure that funds are operating with a breakeven or positive fund balance.

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2026

Finding Control Number: 2026 -001 - Continued

Recommendation

The District should plan to eliminate the negative fund balances with an interfund transfer from the General Fund in the 2027-2028 budget. Additionally, management should update monitoring procedures to identify and resolve negative operational results prior to their occurrence.

Views of Responsible Officials and Planned Corrective Actions

School Food Service Fund- The District monitored the School Food Service Fund this year. For the 2026-2027 school year, we had budgeted an $85,000 interfund transfer and monitored costs for food purchased. We decreased the deficit by $38,427. This process will take several years to decrease the deficit fund balance of $193,094.

Special Aid Fund- The District decreased the deficit fund balance from $72,076 to $26,983. We have budgeted in the 2026-27 school year for an interfund transfer to no longer have a deficit fund balance.

Capital Fund- In the 2026-2027 school year, the District budgeted an interfund transfer to the Capital Fund of $2,626 to clean up the unanticipated Capital Outlay expenditure for Capital Project 2021-2022 and the Capital Project SSBA.

EXTRA CLASSROOM ACTIVITIES FUND

BOWERS

BOWERS & COMPANY CPAS, PLLC

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND

BOARD OF EDUCATION
HARRISVILLE CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Harrisville Central School District for the year ended June 30, 2026 and the related note to the financial statements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Harrisville Central School District for the year then ended June 30, 2026, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Harrisville Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance generally accepted auditing standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harrisville Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisville Central School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Bowers & Company CPAs, PLLC

Watertown, New York
October 15, 2026

EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2026

Account Name	Cash Balance 06/30/25	Cash Receipts	Cash Disbursements	Cash Balance 6/30/26
Class of:				
2025	$ 503	$ 1,160	$ 1,663	$ -
2026	6,568	48,958	55,526	-
2027	2,172	8,139	5,099	5,212
2028	(239)	1,716	488	989
2029	-	1,968	1,221	747
NHS	291	-	17	274
Yearbook	6,061	7,215	5,558	7,718
Athletics	719	9,722	7,144	3,297
SRA	2,192	4,362	4,192	2,362
Music Club	8,733	3,697	4,853	7,577
Library	3,515	-	2,742	773
NJHS	14	-	-	14
JRSRA	790	1,978	1,076	1,692
YAC	576	2,646	2,802	420
Backpack	1,442	2,895	1,306	3,031
Art Club	2,339	589	281	2,647
Green Team	194	-	-	194
Interest	281	123	-	404
FFA	2,350	-	2,350	-
Due to/from Other Fund	(446)	-	-	(446)
Sales Tax	1,218	155	-	1,373
Total	$ 39,273	$ 95,323	$ 96,318	$ 38,278

See note to the financial statement.

EXTRA CLASSROOM ACTIVITIES FUND – NOTE TO FINANCIAL STATEMENT
Year Ended June 30, 2026

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activities Fund of the Harrisville Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund is independent of the School District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activities Fund of the Harrisville Central School District are maintained on a cash basis and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.

BOWERS

BOWERS & COMPANY CPAS, PLLC

To the Board of Education
Harrisville Central School District

In planning and performing our audit of the financial statements of Harrisville Central School District (the District) for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding the matters. This letter does not affect our report dated October 15, 2026, on the financial statements of Harrisville Central School District.

Condition: Extra Classroom Activities

Our testing in the Extra Classroom Activities Funds disclosed the following:

- 1 of 5 profit and loss forms did not include sales tax collection/remittance for sales of taxable items.
- 2 of 10 cash receipts were not deposited timely.
- 3 of 10 cash disbursements were lacking a packing slip of related receiving documentation.
- 7 of 10 cash receipts lacked sufficient documentation related to the transaction.
- Balances reported for interest income and for sales tax vendor collection credit should be allocated to the clubs in accordance with District policy.

Recommendation

We suggest the student treasurers and advisors review the NYS SED Publication, *The Safeguarding, Accounting and Auditing of Extra Classroom Activity Funds*, which outlines the procedures that should be followed regarding record keeping within the Extra Classroom Activity Fund. Student ledgers should be maintained and reconciled with the Central Treasurer's records on a regular basis, and notably at year-end. The Publication requirements should be followed for all receipts and disbursements, ensuring supporting documentation is received, approved, and retained for all transactions and signed off by the applicable signatories.

Management's Response

The Central Treasurer will have Student Treasurer and Advisors review the NYS SED Publication, The Safeguarding, Accounting and Auditing of Extra Classroom Activity Funds. Moving forward: The Central and Student Treasurer will verify all sufficient required documents are there for all deposits and cash disbursements. The District will follow District policy for allocating interest income to all of the clubs individually moving forward rather than as a whole. The loss of our local bank has affected our deposits being made timely. We will continue to secure funds in the safe, until the bank run is made.

Condition: General Ledger Maintenance

Since adoption of GASB 84, *Fiduciary Activities*, during the year ended June 30, 2021, library taxes levied and collected for another governmental agency are required to be reported within a Custodial, TC Fund. It was noted that the District does not have the applicable fund set up for the required reporting within their general ledger.

Recommendation

We recommend a TC fund be setup within WinCAP to track the library tax levy and payments to the library on an annual basis for financial reporting.

Management's Response

The District will set up a TC fund in Wincap for the 2026-27 fiscal year.

Condition: Investigate Old Outstanding Checks

We noted several uncleared checks of immaterial amounts within the general fund and extraclassroom activity fund checking accounts outstanding checklist that were over one year old.

Recommendation

To aid in the preparation of bank reconciliations and to reflect accurate cash balances in the financial statements, we recommend that the lists of outstanding checks be reviewed regularly and that all checks outstanding more than one year should be investigated and written off.

Management's Response

The District started investigating outstanding checks last year. The District reached out to the Comptroller's office to make sure the proper procedure was taken. The District will continue to clean up outstanding checks.

Condition: Reserve Fund Planning and Monitoring

The District maintains a long-range financial plan that incorporates its reserve funds noting applicable reserves and funding targets. However, it was noted that the reserve plan was last updated in August 2025.

Effective reserve management requires the Board to periodically evaluate reserve balances in relation to the District's actual and anticipated needs and to ensure that the reserve balances remain reasonable and be administered in accordance with applicable statutory requirements.

Recommendation

We recommend the reserve plan be updated through year-end to support the reserve balances at June 30th. This will allow the District to monitor the fiscal process ensuring that reserve balances remain reasonable and necessary in relation to identified future needs.

Management's Response

The District will update the Reserve plan through the year-end. The District previously was updating the Reserve Plan at the beginning of the year, but after training and communication with the Comptroller's office the District will now update at year end.

Condition: Scholarship and Award Reporting

The District conducts certain fundraising activities through the Scholarship Fund that appear to be associated with and to benefit student clubs or other student activities. When fundraising activities are conducted by students in connection with a club or other extracurricular activity, the related receipts and disbursements should generally be accounted for through the Extra Classroom Activity Fund rather than the Scholarship Fund. Reporting these activities in the Scholarship Fund does not provide the appropriate accounting and oversight of student-generated funds.

Recommendation

We recommend that management review the activities currently reported in the Scholarship Fund to determine whether they are being conducted in connection with student clubs or other extracurricular activities. Fundraising activities conducted by students as part of a club or other extracurricular activity should be accounted for through the Extra Classroom Activity Fund in accordance with applicable District policies and NYSED requirements. The Scholarship Fund should be limited to activities that are appropriately related to the purpose and objectives of that fund.

Management's Response

Management will sit down with the Board of Education and determine how to proceed with the fundraising activity taking place.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Education, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Bowen & Company CPAs, PLLC

Watertown, New York
October 15, 2026

BOWERS

BOWERS & COMPANY CPAS, PLLC

October 15, 2026

To the President and Members
of the Board of Education of the
Harrisville Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harrisville Central School District for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Harrisville Central School District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Harrisville Central School District changed accounting policies related to financial reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 103, *Financial Reporting Model Improvements*, in 2026, which enhanced effectiveness in providing information that is essential to decision making and assessing a government's accountability. We noted no transactions entered into by Harrisville Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciation is based on economic useful lives of capital asset classes. We evaluated the key factors and assumptions used to develop the depreciation calculations and actuarial assumptions in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of present value of right to use leased assets, lease receivables, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management develops estimates and assumptions based upon historical employee leave data to measure the liability for compensated absences in accordance with GASB Statement No. 101.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75

We evaluated the methods, and assumptions, and data used to develop the estimated useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 15, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Harrisville Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Harrisville Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The District has not been monitoring the individual funds to ensure there are enough assets in place and revenues generated to ensure that funds are operating with a breakeven or positive fund balance. It was noted the District has deficit balances in three funds that require a budgeted transfer in a future year to eliminate the deficits.

These findings were disclosed as significant deficiencies on the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, the Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan, and Schedule of District's Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters - Continued

We were engaged to report on the *Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and the Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Board of Education and management of Harrisville Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company CPA, PLLC